

Message Text

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PAGE 01 OTTAWA 00632 172142Z

ACTION EB-08

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E.O. 11652: N/A

TAGS: ETRD, CA

SUBJECT: NON-RUBBER FOOTWEAR

REF: STATE 34699 (NOTAL)

1. ACCORDING TO J.P. ROY, CHIEF, LEATHER AND FOOTWEAR DIVISION, DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE (ITC), 47.9 PERCENT OF CANADIAN CONSUMPTION OF NON-RUBBER FOOTWEAR FOR CALENDAR YEAR 1975 WAS IMPORTED.

2. STATISTICS ARE NOT YET AVAILABLE FOR FULL CALENDAR YEAR 1976, BUT IMPORT PENETRATION DURING FIRST TEN MONTHS OF 1976 HAD RISEN TO 54.4 PERCENT. INCREASE HAS BEEN PARTICULARLY NOTED ON IMPORTS FROM KOREA.

3. GOC ITSELF STUDYING POSSIBILITY OF IMPORT RESTRICTIONS ON NON-RUBBER FOOTWEAR BECAUSE OF INCREASING IMPORT PENETRATION. ITC STUDY UNDERTAKEN IN 1972 SHOWED NO CAUSAL RELATIONSHIP BETWEEN STATE OF INDUSTRY AND IMPORTS, BUT ROY SAID SITUATION MAY NOW BE CHANGED.

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PAGE 02 OTTAWA 00632 172142Z

NO DECISION HAS YET BEEN TAKEN TO UNDERTAKE FORMAL INQUIRY TO ESTABLISH EXTENT OF INJURY OR THREAT OF INJURY TO CANADIAN FOOTWEAR INDUSTRY, BUT ROY EXPECTS SUCH DECISION TO BE TAKEN SHORTLY.

4. ITC IS CURRENTLY STUDYING OPTIONS OPEN TO GOC, IF MINISTERIAL DECISION IS TO CONSIDER REFLIF FOR

INDUSTRY. ROY TELLS US THAT ONLY ACTION POSSIBLE WOULD BE IMPOSITION OF SURTAX WHICH COULD BE IMPOSED BY REVENUE CANADA FOR UP TO 180 DAYS DURING WHICH TIME INJURY HAS TO BE PROVED OR SURTAX REMOVED. OTHER OPTIONS BEING CONSIDERED ARE IMPORT QUOTAS AND COUNTERVAILING DUTIES, BUT THESE MUST BE PRECEDED BY ANTI-DUMPING BOARD INVESTIGATIONS AND HEARINGS AND, THEREFORE, CANNOT BE IMPOSED IMMEDIATELY.

5. ROY ALSO INFORMED EMBOFF THAT CANADIAN FOOTWEAR INDUSTRY HAS BEEN SEEKING TO BE INCLUDED IN TEXTILE AND CLOTHING BOARD ACT SO THAT QUICKER PROTECTIVE ACTION MAY BE TAKEN AGAINST MARKET DISRUPTION, BUT SO FAR GOC HAS RESISTED.

6. BRITISH HIGH COMMISSION COMMERCIAL OFFICER TOLD EMOBFF FEBRUARY 16 HE AND OTHER EC REPRESENTATIVES IN OTTAWA HAVE BEEN CONSULTING WITH EACH OTHER AND WITH RESPECTIVE CAPITALS WITH VIEW TO POSSIBLE JOINT DEMARCHE TO GOC URGING AVOIDANCE OF RESTRICTIONS ON FOOTWEAR IMPORTS. HE INDICATED THAT ITALIAN AND BRITISH PRODUCERS WHO HAVE IMPORTANT STAKE IN HIGHER PRICE END OF MARKET ARE ESPECIALLY CONCERNED.

7. COMMENT: FOLLOWING U.S. INTERNATIONAL TRADE COMMISSION FEBRUARY 8 REPORT TO PRESIDENT, IT APPEARS PRESSURES ON GOC TO RESTRICT IMPORTS ARE BUILDING UP AND GOC WILL FIND IT DIFFICULT TO RESIST SUCH PRESSURES LIMITED OFFICIAL USE

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PAGE 03 OTTAWA 00632 172142Z

(STATE 90089, APRIL 14, 1976). SINCE CANADA IS LARGEST SINGLE EXPORT MARKET FOR U.S. FOOTWEAR, CANADIAN RESTRICTIONS COULD CERTAINLY HAVE IMPACT ON U.S. EXPORTS. DUEMLING

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